2017 Nebraska

Individual Income Tax Booklet

E-file your return. It is the fast, secure, and easy way to file!



NebFile offers FREE e-filing of your state return.

All taxpayers can use the Fed/State program to e-file federal and Nebraska tax returns.

File online by purchasing software from a retailer, or with a tax return preparer displaying this logo.



Use our FREE e-pay system for your individual income tax and 2018 individual estimated income tax payments.

For more information or to use any of our electronic services, go to revenue.nebraska.gov



What's New?

In response to rising instances of identity theft and in an effort to reduce refund fraud, the Department has implemented fraud detection and verification processes designed to protect all taxpayers filing Nebraska returns. These steps may increase the amount of time needed to process income tax returns and issue tax refunds. The Department is committed to safeguarding taxpayer information and to processing tax returns as efficiently as possible. Please allow a minimum of 30 days to receive your refund if you e-file an error-free return. For paper returns, please allow a minimum of three months to receive your refund if you file an error-free return. Your refund will generally be issued by July 15, if your return is filed by the April 15th due date. See our website for additional information.

Nonrefundable Credit for Employing a Member of a Family that Received Temporary Assistance for Needy Families (TANF), LB 774 (2016). Beginning with tax year 2017, LB 774 provides a nonrefundable income tax credit equal to 20% of an employer's expenditures on eligible employees for tuition at Nebraska public institutions for postsecondary education, the costs of a high school equivalency program, and transportation of eligible employees to and from work. The credit may be claimed for two (not necessarily consecutive) tax years. See instructions for line 25, Form 1040N, and our website for additional information.

Refundable Individual Income Tax Credit for Volunteer Emergency Responders, LB 886 (2016). Beginning with tax year 2017, qualified active volunteer emergency responders, rescue squad members, and firefighters may receive a refundable income tax credit equal to \$250 beginning with the second taxable year in which the qualified active volunteer is included on a certified list.

School Readiness Tax Credit, LB 889 (2016). The act provides two separate income tax credits beginning with tax year 2017, a nonrefundable income tax credit to persons who own or operate an eligible child care or education program, and a refundable income tax credit to staff members who are both employed with an eligible program for at least six months during the taxable year, and are classified in the Nebraska Early Childhood Professional Record System. See instructions for lines 26 and 37, Form 1040N, and our website for additional information.

Facilitating Business Rapid Response to State Declared Disasters Act, LB 913 (2016). See our website for additional information.

Important Information For All Nebraska Filers

Complete Your Federal Return. Your federal return must be completed before starting your Nebraska return. This information is needed to complete your Nebraska return.

Complete Only the Lines on Nebraska Individual Income Tax Return, Form 1040N, That Apply to You. If a line does not apply to your filing, please leave the line blank.

Enter All Amounts as Whole Dollars. Do not include cents on the return or schedules. Do not change the pre-printed zeros in the cents column of the Form 1040N. Round any amount from 50 cents to 99 cents to the next higher dollar. Round any amount less than 50 cents to the next lower dollar.

Federal Forms W-2, W-2G, 1099-R, and 1099-MISC. A form should be sent to you by your employer or payor by February 15. If you have not received the form by that date, you should immediately contact your employer or payor. Please verify that all information on these forms is correct, including the Social Security number. If the information on these forms is incorrect, obtain a corrected form from your employer or payor. A corrected form should be clearly marked "Corrected by Employer/Payor." If a wage and tax statement is lost or destroyed, request a substitute copy clearly marked "Reissued by Employer."



Balance Due. Any balance due must be paid in full with your return. All taxpayers are encouraged to make their tax payments electronically. There are many electronic payment methods available. Several software products offer the option of an electronic funds withdrawal (EFW) allowing you to schedule your payment when you file your return. Other options include the Department's e-pay system and paying by credit card. Electronic payment is fast, secure, and easy. See the Department's website for additional information about all available electronic payment options.

Use Tax. Use tax is due on all taxable purchases when Nebraska and any applicable local sales tax is not paid to the retailer. This often occurs when making purchases over the Internet or from out-of-state retailers. See the instructions for line 41, Form 1040N.

Due Date. If the due date falls on a Saturday, Sunday, or legal holiday, you must file your return by the first business day after the 15th day of the fourth month. This year, the federal Emancipation Day holiday is being observed by the federal government on Monday, April 16, 2018. Because Nebraska is required by law to follow the federal due dates, the deadline for Nebraska returns has also been extended to Tuesday, April 17, 2018.

Penalty and Interest. Either or both may be imposed under the following circumstances:

- 1. Failure to file a return and pay the tax due on or before the due date;
- 2. Failure to pay the tax due on or before the due date;
- 3. Failure to file an amended Nebraska income tax return to report changes made to your federal income tax return;
- 4. Preparing or filing a fraudulent income tax return; or
- 5. Understatement of income on an income tax return.

The interest rate for any unpaid tax is 3%, and is calculated from the original due date of the return, even if an extension of time to file is granted.

A Nebraska Extension of Time. The Department accepts the federal extension of time to file. It is only necessary to file a Nebraska extension of time if you are making a tentative tax payment or when a federal extension is not filed. A six-month extension to file Form 1040N may only be obtained by:

- 1. Attaching a copy of a timely-filed Application for Automatic Extension of Time to File U.S. Individual Income Tax Return, Federal Form 4868, to the Nebraska return when filed;
- 2. Attaching a schedule to your Nebraska return listing your federal confirmation number and providing an explanation that you received an automatic federal extension by making a payment of your federal estimate of tax due using a credit card;
- 3. Filing a Nebraska Application for Extension of Time, Form 4868N, on or before the due date of the return, when you need to make a tentative Nebraska payment or when a federal extension is not being requested; or
- 4. Attaching a copy of the statement or letter submitted with your federal return requesting the automatic extension of time to file for a U.S. citizen residing outside the U.S. or Puerto Rico, to the Nebraska return when filed.

If you have an authorized IRS tax preparer e-file your return, Nebraska will grant you an automatic extension to file. If you e-file your own return using software you have purchased or accessed from the Internet, you will be required to mail in a Nebraska Form 4868N. See number 3 above for further instructions.

Note: If you have a combat zone-related or contingency operation-related extension, see the Department's website for Nebraska Income Tax for U.S. Servicemembers, Their Spouses, and Civilians Working with U.S. Forces Information Guide.

If the extension documentation is not attached, a late filing penalty may be imposed. Any tax not paid by April 15 is subject to interest. An extension of time cannot exceed a total of six months after the original due date of the return.

Estimating Your 2018 Income Tax. The 2018 Nebraska Individual Estimated Income Tax Payment Vouchers booklet is available on the Department's website or you can contact the Department. You are encouraged to make estimated income tax payments using the Department's e-pay system or using the EFW option when e-filing your 2017 Nebraska return. The EFW option is offered by many software products.

Estimated Income Tax Payments and Penalty for Underpayment of Estimated Income Tax. You may owe a penalty if your estimated income tax payments did not total at least:

- ◆ 90% of the tax shown on your 2017 Nebraska return; or
- ◆ 100% of the tax shown on your 2016 return; or
- ♦ 110% of the tax shown on your 2016 return if AGI on the return was more than \$150,000; or, if your filing status is married, filing separately, more than \$75,000.

See the Individual Underpayment of Estimated Tax, Form 2210N, instructions.

An individual who did not pay enough estimated income tax by any of the applicable due dates (April 15, June 15, September 15, and January 15), or who did not have enough state income tax withheld, will be assessed a penalty. This may be true even if you are due a refund. The underpayment penalty is calculated separately for each installment due date (four equal and timely payments). You may owe a penalty for an earlier payment that was due, even if you paid enough estimated income tax later to make up the underpayment.





See the Department's website for: Nebraska Income Tax for U.S. Servicemembers, Their Spouses, and Civilians Working with U.S. Forces Information Guide.

Disasters. Taxpayers impacted by a federal disaster declaration should note the declaration at the top of the form when filing a paper return. Taxpayers should identify the specific disaster by writing the name of the disaster at the top of the paper return. Taxpayers who e-file returns can use their software's "disaster" feature, if available.

Active Duty Military Servicemembers. Your active duty military pay is taxed only by the state where you are a legal resident. Your place of legal residence at the time of entry into the service is presumed to be your state of legal residence. Your state of legal residence stays the same until it is established in another state. Moving to a new location for a limited period of time, including a permanent change of station, does not change your legal residence. Nebraska income tax is imposed on the total federal adjusted gross income (AGI) of a Nebraska resident who is a member of the uniformed services, regardless of where the income is received.

Check the box "Active Military" on Form 1040N if you or your spouse were active military servicemembers at any time during the tax year (including National Guard or Reserve personnel called to active duty). Taxpayers receiving combat pay have the same extended due date for filing a Nebraska return as for the federal return.

Military pay received by a nonresident servicemember stationed in Nebraska is not subject to Nebraska income tax. Other income derived from Nebraska sources by a servicemember, such as income earned from a separate job not connected with the servicemember's military service, is subject to Nebraska income tax. See special instructions for line 22, Nebraska Schedule I.

The federal Servicemembers Civil Relief Act provides that Nebraska cannot tax the income of a nonresident servicemember's spouse when the spouse has the same state of residence as the servicemember and is in Nebraska only in support of the servicemember. A Nebraska resident servicemember's spouse, who is also a Nebraska resident and who works and resides in another state, is required to file a Nebraska income tax return. More information is available in the instructions for line 22, Nebraska Schedule I, and line I, Nebraska Schedule III, or on the Department's website.

Foreign Income. Income earned by a Nebraska resident while living in another country is taxable by Nebraska when the taxpayer maintains Nebraska residency.

Deceased Taxpayer. A deceased taxpayer's spouse, personal representative, or other person may file and sign a return for a taxpayer who died before filing a 2017 return. A personal representative is an executor, administrator, or anyone else who is in charge of the deceased taxpayer's property. Additional documentation will be required when claiming a refund on behalf of a deceased taxpayer, unless the deceased is your spouse with whom you are filing as married, filing jointly for this tax year.

"DECEASED" must be written across the top of a paper return and the taxpayer's name and the date of death must be shown in the space provided. See additional instructions for deceased taxpayers in the "How to Complete your Form 1040N" section of these instructions on page 6.

Fiscal Year Returns. The taxable year used for Nebraska must be the same as the taxable year used for federal income tax purposes. For fiscal years beginning after January 1, 2017, the 2017 Nebraska Tax Calculation Schedule or Tax Table, and Nebraska Additional Tax Rate Schedule must be used without adjustment.

Due Date for Fiscal Year Returns. The due date for a fiscal year return is the 15th day of the fourth month following the end of the taxable year.

Refer to instructions for line 29, Form 1040N, for additional information on a fiscal year taxpayer claiming the income tax withholding credit.

Taxpayers filing fiscal year returns may not e-file their Nebraska return.

Who Must File?

A Nebraska resident who:

- ◆ Is required to file a federal return reporting a federal liability; or
- ◆ Has \$5,000 or more of net Nebraska adjustments to federal AGI including non-Nebraska state and local bond interest exempt from federal tax (see Nebraska Schedule I instructions).

A partial-year resident or a nonresident who:

Has income derived from or connected with Nebraska sources.

Definitions

Domicile. Domicile is the place an individual has his or her permanent home. Even if the individual is absent at times, domicile is the place where the individual intends to return. Actual residence is not necessarily domicile. An individual establishes domicile in Nebraska on the date he or she arrives in the state for other than temporary or transitory purposes. Once domicile is established, it remains the individual's domicile until it is abandoned. Domicile in Nebraska is abandoned when an individual leaves the state, abandons the Nebraska domicile with no intention of maintaining his or her true, fixed, and permanent home in Nebraska; and establishes a domicile in another state while present in the other state for other than temporary or transitory purposes.

Partial-Year Resident. A partial-year resident is an individual who is a resident for part of the year, but less than the entire year. To be a partial-year resident, a taxpayer must change domicile during the year, either moving into or out of Nebraska.

Permanent Place of Abode. A permanent place of abode is a dwelling place permanently maintained by the taxpayer, whether or not it is owned by the taxpayer. A dwelling means a house, apartment, room, or other accommodation including those used for vacation purposes, suitable for human occupation. It does not include a vacation camp, cottage, or dwelling place occupied only temporarily.

Resident. A resident is an individual whose domicile is in Nebraska, or an individual who is physically present in this state and maintains a permanent place of abode within this state for an aggregate of more than six months. Nebraska residency will be determined by Nebraska law. If an individual maintains a permanent place of abode in Nebraska and is present in Nebraska for at least 183 days during the tax year, that individual is a Nebraska resident even if domiciled in another state. For this purpose, Nebraska considers any part of a day spent in Nebraska as a day spent in the state.

For additional information, refer to the Determining Residency Status for Nebraska Individual Income Tax Filing Information Guide on the Department's website.

How to Complete your Form 1040N

Name and Address. When filing a paper return, enter or clearly print your name and correct mailing address information in the spaces provided. Include your spouse's name if filing a joint return.

Social Security Numbers. You must enter your Social Security number (SSN) or Individual Tax Identification Number (ITIN) on the form in the boxes indicated. Include your spouse's SSN or ITIN if filing a joint return.

The Privacy Act of 1974 provides that when the Department asks you for your Social Security number (SSN), you must first be told of the Department's legal right to ask for this information, why the Department is asking for it, and how it will be used. The Department must also tell you what would happen if it is not received and whether your response is voluntary, required to obtain a benefit, or mandatory under the law.

The legal right to ask for the information is Neb. Rev. Stat. § 77-27,119. This law says that you must include your SSN on your return. Your response is mandatory under this section. The SSN is needed to properly identify you and process your return and other documents.

Public High School District Data. All residents and partial-year residents domiciled in Nebraska on December 31, 2017, must enter the high school district code where you are domiciled (permanent residence). This information is also required if you reside outside Nebraska but are still domiciled in Nebraska. Nonresidents or partial-year residents not residing in Nebraska on December 31, 2017, do not enter a high school district code. This information is required by law to assist the Nebraska Department of Education in determining the state aid for Nebraska's K-12 public school systems.

Farmer/Rancher. Farmers or ranchers deriving at least two-thirds of their yearly gross income for the current or previous tax year from farming or ranching must check the box "Farmer/Rancher" below the SSN block. A farmer or rancher who files the 2017 Form 1040N and pays the Nebraska income tax due on or before March 1, 2018, is not required to make estimated income tax payments during 2017; otherwise, the entire amount of estimated income tax must be paid by January 15, 2018. If you file or pay after March 1, 2018, you will be assessed a penalty for failure to properly pay estimated income tax. An extension of time cannot be used to extend the March 1 filing date.

Active Military. Check the box "Active Military" below the SSN block only if you or your spouse were on active military duty status at any time during 2017. This includes National Guard/Reservists called to active duty during 2017.

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Deceased. If the taxpayer or spouse is deceased, enter the first name of the deceased person and the date of death in the space provided.

◆ A Surviving Spouse filing for a deceased taxpayer's refund must:

Write "surviving spouse" in the signature block if you are filing a paper Form 1040N for the deceased. No further documentation is required.

- ◆ When a court-appointed personal representative files an original or amended return on behalf of a deceased person, he or she must attach a copy of one of the following with the completed and signed Form 1040N or 1040XN:
 - The court order showing proof of appointment (Letters of Appointment); or
 - A copy of the probated will.
- ◆ Other persons requesting a deceased taxpayer's refund should complete a Statement of Person Claiming a Refund Due to a Deceased Person, Form 1310N, and attach one the following:
 - Death certificate (need not be certified); or
 - Formal notification from the appropriate government office (for example, Department of Defense, Department of Health and Human Services, or Department of State) informing the next of kin of the deceased person's death.

Line 1

Federal Filing Status. Your Nebraska filing status is the same as your federal filing status.

There is an exception for married, filing jointly taxpayers where one spouse is a Nebraska resident and the other spouse is a nonresident or partial-year resident of Nebraska. These taxpayers may elect to file either a married, filing jointly return (both spouses are taxed as residents) or married, filing separately returns with Nebraska.

If you file a married, filing separately return for Nebraska, it must be calculated as if a married, filing separately federal return had been filed. The married, filing separately income, deductions, and exemptions must be used. The spouse's SSN and name must be entered on the married, filing separately line.

Nonresident military servicemembers should review line 22, Nebraska Schedule I instructions.

Line 2a

Check the appropriate boxes if, during 2017:

- Box 1. You were 65 or older (taxpayers born before January 2, 1953);
- Box 2. You were blind;
- Box 3. Your spouse was 65 or older (taxpayers born before January 2, 1953); or
- Box 4. Your spouse was blind.

Line 2b

Check the appropriate boxes if someone, such as a parent, can claim you or your spouse as a dependent on their return.

Line 3

Type of Return. Check the appropriate box if, during 2017:

- Box 1. You were a resident;
- Box 2. You were a partial-year resident; or
- Box 3. You were a nonresident.

Partial-year residents must also complete dates of residency. Nonresidents and partial-year residents must complete and attach Form 1040N, Schedule III, even if all income is earned in Nebraska. If one spouse is a full-year resident and the other is a nonresident or partial-year resident, and they elect to file a married, filing jointly return, a resident return must be filed and Schedule III cannot be used. For additional information, refer to the Determining Residency Status for Nebraska Individual Income Tax Filing Information Guide on the Department's website.

Line 4

Federal Exemptions. Enter the same number of exemptions claimed on your federal return, unless a different filing status is used for Nebraska.

Line 4 (Cont.)

How to find your federal exemptions:

Federal Forn	n
1040	Line 6d
1040A	Line 6d
1040EZ	If line 5 = \$10,400, enter 1. If line 5 = \$20,800, enter 2. If single and claimed as a dependent by someone else, enter -0 If married and one spouse can be claimed as a dependent on someone else's return, enter 1. If married and both spouses can be claimed as a dependent on someone else's return, enter -0

If you filed a married, filing jointly federal return and elect to file married, filing separately for Nebraska, enter the number of federal exemptions allowable when computing the separate federal return for Nebraska purposes. Also, see line 18 instructions.

Line 5

Federal Adjusted Gross Income (AGI). This is the amount reported on your federal return as AGI Enter the amount from the following forms:

Form 1040EZ		Line	4
Form 1040A	 	Line	21
Form 1040		Line	37

Special Circumstances.

If you were **not required to file a federal return**, but must file a Nebraska return to report **state and local bond interest of \$5,000 or more**, you must enter all income that would have been included in federal AGI. This includes both earned income (such as wages), and passive income (such as pensions, bank interest, etc.).

Nonresidents and partial-year residents must include your total federal AGI on line 5, Form 1040N, not just your Nebraska source income. When completing Nebraska Schedule III, you will report Nebraska income and apportion your tax liability based on a calculated ratio of Nebraska income to total income.

Line 6

Nebraska Standard Deduction. Enter your Nebraska standard deduction. Do not enter the amount of your federal itemized deductions. All taxpayers are allowed the larger of the Nebraska standard deduction or federal itemized deductions, minus state and local income taxes claimed on Federal Schedule A.

If You or Your Spouse Can Be Claimed as a Dependent		
and filed Federal Form — Enter —		
The amount from line E from the worksheet on the base of the Form 1040EZ.		
1040A	The amount from line 24 of the Form 1040A.	
1040	The amount from line 40 of the Form 1040, or when itemizing deductions, Form 1040N line 6, must be equal to line 3c of the Federal standard deduction worksheet for dependents.	

If You or Your Spouse Cannot Be Claimed as a Dependent		
and filed Federal Form — Enter —		
1040EZ	Single: \$ 6,350 Married: \$12,700	
1040A	See chart below	
1040	See chart below	

Line 6 (cont.)	Filing Status	Number of Boxes Checked on Line 2a	Standard Deduction	
	Single	0 1	\$6,350 \$7,900	
		2	\$9,450	
	Married, Filing Jointly	0	\$12,700	
	or Qualifying Widow(er)	1	\$13,950	
	With Dependent Children	2	\$15,200	
		3	\$16,450	
		4	\$17,700	
	Married, Filing Separately	0	\$6,350	
		1	\$7,600	
		2	\$8,850	
		3	\$10,100	
		4	\$11,350	
	If married, filing separately, the add primary taxpayer can claim an exer	litional amounts for spouse 65 and over mption for his or her spouse.	er and blind apply only if the	
	Head of Household	0	\$9,350	
		1	\$10,900	
		2	\$12,450	
Line 8	line 29 of Schedule A, Federal Fo skip lines 7 through 9 and enter the State and Local Income Taxes.	e line 6 amount on line 10. If you itemized deductions on yo	ur federal return, enter only your	
	state and local income taxes inclu		eral Form 1040.	
Line 9	Nebraska Itemized Deductions.			
Line 10	Nebraska Deductions. Enter line			
Line 11	Nebraska Income Before Adjust			
Line 12	Adjustments Increasing Federal AGI. Enter amount from line 10 of Nebraska Schedule I.			
	See Schedule I instructions for ad	ditional information.		
Line 13	Adjustments Decreasing Federal AGL Enter the amount from line 31 of Nebraska Schedule I. See Schedule I instructions for additional information.			
Line 14	Nebraska Taxable Income. If you do not have adjustments to federal AGI, enter the line 11 amount on line 14. If you have adjustments, line 14 equals line 11 plus line 12 minus line 13.			
Line 15	Nebraska Income Tax. Nonresidents and partial-year residents, enter the amount from line 9, Nebraska Schedule III. Paper filers may use the Nebraska Tax Table. Electronic filers must use the Nebraska Tax Calculation Schedule. If federal AGI is more than \$261,500 (single), \$313,800 (married, filing jointly or qualifying widow[er]), \$156,900 (married, filing separately), or \$287,650 (head of household), you must use the Nebraska Tax Calculation Schedule (or the Nebraska Tax Table) and the Nebraska Additional Tax Rate Schedule to calculate your total Nebraska tax. Enter the amount from line 3 of the Nebraska Tax Worksheet.			
Line 16	Nebraska Other Tax. You are re			
	Federal tax on lump-sum d	istributions of qualified retirem	ent plans; and/or	
	◆ Federal tax on early distrib	outions of qualified retirement p	lans.	
	The Nebraska other tax is 29.6%	•		
	Residents use the calculation from			
	Partial-year residents and nonresi of other tax due. The other tax is Nebraska Schedule III.			

Line 18	Nebraska Personal Exemption Credit for Residents Only. Residents claim a \$132 credit for each federal exemption reported on line 4, Form 1040N. Nonresidents and partial-year residents will claim this credit on line 7, Nebraska Schedule III.
Line 19	Credit for Tax Paid to Another State. Enter the amount from line 6, Nebraska Schedule II. Attach a complete copy of the other state's return, including schedules. (For instructions on what lines to use from the other state's return, refer to the Conversion Chart on the Department's website). A separate Schedule II must be completed for each state. Nebraska law does not allow credit for taxes paid to a foreign country or its political subdivisions. Dual state residents must refer to the Conversion
Line 20	Credit for the Elderly or the Disabled. Residents enter line 32 of Federal Form 1040A, or the amount of Credit for the Elderly or the Disabled included in line 54, box C of Federal Form 1040. If the federal credit has been limited by your federal tax liability, use the lesser amount. Attach Federal Schedule R. Partial-year residents use line 6d, Schedule III, to report Credit for the Elderly or Disabled. Nonresidents may not claim this credit. Note: The Federal Form 1040, line 54, box C may be used to claim credits other than the Credit for the Elderly or the Disabled. Only the Credit for the Elderly or the Disabled is allowed on line 20 of Form 1040N.
Line 21	Community Development Assistance Act (CDAA) Credit. Enter the credit allowable for contributions to approved projects of community betterment organizations recognized by the Nebraska Department of Economic Development (DED). Nebraska Community Development Assistance Act Credit Computation, Form CDN, must be attached to the Form 1040N.
Line 22	Form 3800N Nonrefundable Credit. Enter the amount from line 12, Nebraska Incentives Credit Computation, Form 3800N. Attach Form 3800N. Required supporting documentation may be submitted as an attached PDF document when e-filing your return if your software supports these types of attachments. If the supporting documentation is not received with the return, the Department may request the required documentation during the processing of your return. Your income tax refund may be delayed if the business entity that distributed the Form 3800N credit to you has not filed its entity income tax return.
Line 23	Nebraska Child/Dependent Care Nonrefundable Credit. Resident taxpayers with AGI greater than \$29,000 can claim this credit (if AGI is \$29,000 or less, see line 32 instructions). Multiply the amount on line 31 of Federal Form 1040A, or line 49 of Federal Form 1040, by 25% (.25). Partial-year residents use line 6e, Schedule III, to claim this credit, if applicable. Nonresidents may not claim this credit. Include a copy of Federal Form 2441. If Federal Form 2441 is not received, the credit will be disallowed. Taxpayers who are filing married, filing jointly federally, but filing married, filing separately on their Nebraska return cannot claim this Nebraska credit.
Line 24	Credit for Financial Institution Tax. Enter the amount of the tax credit available to you from the 2017 Statement of Nebraska Financial Institution Tax Credit, Form NFC, supplied by the financial institution in which you are a shareholder.
Line 25	Employer's Credit for Expenses Incurred for TANF (ADC) Recipients. An employer may claim an income tax credit equal to 20% of the employer's qualified expenses for eligible employees. An eligible employee is defined as a parent or caretaker relative who is a member of a unit that received benefits under the state or federally funded TANF program for any nine months of the eighteen-month period immediately prior to the employee's hiring date, and whose hiring date is on or after the first day of the tax year for which the credit is claimed. Qualified expenses are tuition at Nebraska public institutions for postsecondary education; the costs of a high school equivalency program; and the cost for transportation of eligible employees to and from work. Enter the total credit from line 2, Nebraska Form TANF.
Line 26	School Readiness Tax Credit for Providers. An income tax credit is available to persons who own or operate an eligible childcare or education program that serves children who participate in the childcare subsidy program established in Neb. Rev. Stat. § 68-1202. An application for this tax credit must be filed within two months after the close of the tax year for which you are claiming the credit. The credit may only be claimed after your application has been approved in writing by the Department. For additional information, see the Department's website.
Line 27	Total Nonrefundable Credits. Add lines 18 through 26.

Line 28

Nebraska Tax After Nonrefundable Credits. Do not complete the worksheet below if the result of line 12 minus line 13 is \$5,000 or more. Otherwise, if your federal tax liability is -0- or is less than your Nebraska tax, complete the Federal Tax Liability Worksheet below. On line 28, enter the smaller of the amounts from line 2 or line 3 of the worksheet. If entering federal tax liability, attach a copy of your federal return.

Federal Tax Liability Worksheet	
Nebraska Adjustments to AGI a. Amount of adjustments increasing federal AGI (line 12, Form 1040N)	
Net adjustments to federal AGI (line 1a minus line 1b)	
Nebraska Tax after Nonrefundable Credits a. Nebraska tax, line 17 of Form 1040N	
If the amount on line 2 is zero or less, enter -0- on line 28 of Form 1040N; and Stop here. Do not complete the remainder of the Worksheet .	
Federal tax before credits: a. Line 10 of Form 1040EZ b. Line 28 of Form 1040A c. Line 44 of Form 1040 d. Line 45 of Form 1040 e. Line 59 of Form 1040 f. Total tax—Form 1040 (add lines 3c, 3d, and 3e) Total federal tax (enter tax from line 3a, 3b, or 3f) 3a. \$ 3a. \$ 3b. \$ 3c. \$ 3d. \$ 4d. \$ 5d. \$ 6d. \$	
On line 28, enter the smaller of the amounts from line 2 or line 3 of this worksheet, and check the federal tax box if line 3 is used.	
	Nebraska Adjustments to AGI a. Amount of adjustments increasing federal AGI (line 12, Form 1040N)

Line 29

You MUST attach all Forms W-2, W-2G, 1099-R, 1099-MISC, and Schedules K-1N. Nebraska Income Tax Withheld. Use line 29a to enter the total Nebraska income tax withholding from Federal Forms W-2. Use line 29b to enter the total Nebraska income tax withholding, if any, from Nebraska Forms K-1N. Use line 29c to enter the total Nebraska income tax withholding, if any, from Federal Forms W-2G, 1099-R, 1099-MISC, or other forms. Enter the total income tax withholding shown on lines 29a, 29b, and 29c on line 29. While many taxpayers will have Nebraska income tax withholding on Form W-2, most taxpayers will not have Nebraska income tax withholding on other forms. Do not use state wages. Your income tax withholding credit will not be allowed if you do not attach the proper forms to a paper filed return or if the form shows income tax withholding from a state other than Nebraska.

Nonresidents claiming credit for Nebraska income tax withheld by a partnership, limited liability company, S corporation, estate, or trust must attach a copy of the appropriate Schedule K-1N. The tax year ending date on the Schedule K-1N must be the same as the tax year of the individual's return being filed.

Required supporting documentation may be submitted as an attached PDF document when e-filing your return, if your software supports these types of attachments. If the supporting documentation is not received with the return, the Department may request the required documentation during the processing of your return. This may result in a delayed refund.

A fiscal year taxpayer who receives Forms W-2 issued on a calendar-year basis must attach any 2017 Forms W-2 to the 2017 Form 1040N for a fiscal year beginning in 2017. If you receive any 2018 Forms W-2 before filing your 2017 Form 1040N, save them to attach to the 2018 Form 1040N.

Line 30



2017 Estimated Tax Payments. Report your 2017 estimated income tax payments and any tax year 2016 carryover on this line.

If you file a married, filing jointly return, the name and SSN of the spouse whose SSN was used to make the 2017 estimated income tax payments should be listed first in the name and SSN area on the Form 1040N.

You are encouraged to make your estimated income tax payments using e-pay, which allows you to schedule all four of your estimated income tax payments at one time. A Form 1040N-ES payment voucher should NOT be mailed in when you use e-pay.

Line 31 Attach Form 3800N

Form 3800N Refundable Credit. Enter any refundable credit calculated and shown on line 16, Form 3800N. Attach Form 3800N. Required supporting documentation may be submitted as an attached PDF document when e-filing your return, if your software supports these types of attachments. If the supporting documentation is not received with the return, the Department may request the required documentation during the processing of your return. This may result in a delayed refund. Your income tax refund may be delayed if the business entity that distributed the Form 3800N credit to you has not yet filed its entity income tax return.

Line 32

Nebraska Child/Dependent Care Refundable Credit (AGI \$29,000 or Less and Full-Year or Partial-Year Resident). Attach the Nebraska Child And Dependent Care Expenses, Form 2441N, to your Nebraska return. Taxpayers who file married, filing jointly federally, but file married, filing separately on their Nebraska return cannot claim this Nebraska credit. If Form 2441N is not received, the credit will be disallowed.

Note: The Federal Form 2441 will no longer be accepted when claiming the Nebraska child/dependent care refundable credit. Nebraska Form 2441N must be completed and attached.

Line 33

Beginning Farmer Credit. Enter the credit granted to eligible claimants who receive a Statement of Nebraska Tax Credit, Form 1099 BFC, from the Nebraska Department of Agriculture (NDA). For further information, contact NextGen, which administers the Beginning Farmer Tax Credit Act through the NDA at 800-446-4071, nextgen.nebraska.gov.

Line 34

Nebraska Earned Income Credit. Paper filers must attach a copy of pages 1 and 2 of Federal Form 1040 or 1040A, or page 1 of Form 1040EZ to your Nebraska return. Nebraska residents and partial-year residents who have a federal earned income credit are allowed a state credit equal to 10% of the federal credit. Complete the federal credit information from line 8a (Form 1040EZ), line 42a (Form 1040A), or line 66a (Form 1040). Enter the number of qualifying children using information from Federal Schedule EIC (Form 1040 or 1040A). If you are a nonresident or file a married, filing separately return, you cannot claim this credit.

Partial-year residents enter amount calculated on line 12, Nebraska Schedule III.

Nebraska Earned Income Worksheet for Taxpayers Claiming a Net Operating Loss Deduction (NOL)

Complete this worksheet **only** if you are claiming an NOL carryforward on Federal Form 1040.

If line 3 is less than:

\$48,340 (\$53,930 if married, filing jointly) for three or more qualifying children; \$45,007 (\$50,597 if married, filing jointly) for two qualifying children; \$39,617 (\$45,207 if married, filing jointly) for one qualifying child; or \$15,010 (\$20,600 if married, filing jointly) for no qualifying children, calculate the Nebraska earned income credit on line 34 of Form 1040N using the amount from line 66a, Federal Form 1040. If line 3 equals or exceeds the respective amounts, you do not qualify for the Nebraska earned income credit and line 34, Form 1040N should be -0-.

Line 35

Angel Investment Tax Credit. Enter the credit awarded by the Nebraska Department of Economic Development for investments made in certain qualified businesses.

Line 36

Credit for Qualified Volunteer Emergency Responders. A \$250 income tax credit is available to each qualified volunteer who has been certified with the Department for at least two years by a Nebraska city, village, or rural or suburban fire protection district. A qualified volunteer is an emergency responder, rescue squad member, or volunteer firefighter who has accumulated at least 50 points during each year of service. For additional information see the Department's website.

Line 37

School Readiness Tax Credit for Qualified Staff Members. An income tax credit is available to staff members who are both employed with an eligible program for at least six months during the taxable year and who are classified in the Nebraska Early Childhood Professional Record System. An application for this tax credit may be filed any time after the staff member has met all the required eligibility criteria, but no later than March 1 of the year following the tax year for which you plan to claim the credit. For example, if you plan to claim the tax credit on your 2017 return, you must file this application by March 1, 2018.

The credit may only be claimed after your application has been approved in writing by the Department. For additional information, see the Department's website.

Line 39

Penalty for Underpayment of Estimated Tax. Use Nebraska Individual Underpayment of Estimated Tax, Form 2210N, to determine if you owe this penalty. Also, see page 3 of these instructions. If you are required to calculate a Form 2210N penalty, report it on line 39, check the box, and attach Form 2210N to your return. See the Department's website for this form, or call the Department at 800-742-7474 (NE and IA), or 402-471-5729. Do not include any late filing penalty on this line.

Line 40

Total Tax and Penalty. Add lines 28 and 39.

Line 41

Use Tax. Use tax is due on all taxable purchases when Nebraska and any applicable local sales tax is not paid. You may owe use tax if you have not paid the Nebraska sales tax or any applicable local sales tax on purchases delivered into Nebraska from out-of-state, mail order, or Internet sellers. Nebraska law requires that if sales tax is not collected by the seller on any taxable sale, the purchaser must remit the applicable use tax directly to the state.

Enter your total taxable 2017 purchases if Nebraska sales tax was not collected by the seller. Multiply this amount by 5.5% (.055). If local tax applies, enter your local code from the local sales and use tax codes and rates schedule on page 31 of these instructions, and multiply your total taxable purchases by the local rate (.005, .010, .015, .0175, or .02). Add the state and local tax amounts together and enter on line 41. You can also report only local tax not paid if your vendor charged you the state tax but not the local tax.

Example. You purchase a computer from a seller in South Dakota over the Internet for \$1,470 plus \$30 shipping and handling charges. Both charges are taxable. The computer is shipped to you in Scottsbluff, Nebraska and no tax is charged or collected by the seller. Your state tax is \$83 ($$1,500 \times 5.5\% = 83) and the local tax is \$23 ($$1,500 \times 1.5\% = 23). The total use tax owed is \$106 (\$83 + \$23 = \$106). When calculating state and local tax, round your results, and then add them together to arrive at your line 41 entry. Round any amount from 50 cents to 99 cents to the next higher dollar. Round any amount less than 50 cents to the next lower dollar.

Note: If you owe use tax to more than one Nebraska local jurisdiction, do not report use tax here. Instead, report state and local use taxes by filing the Nebraska Individual Use Tax Return, Form 3.

Line 42

Total Amount Due. Enter the amount owed, including the applicable underpayment of estimated income tax penalty. A balance due of less than \$2 need not be paid.

Electronic Funds Withdrawal (EFW). With this payment option, you provide your payment information within your electronically-filed return. Your payment will automatically be withdrawn from your bank account on the date you specify.

Nebraska e-pay. Nebraska e-pay is the Department's web-based electronic payment system. You enter your payment and bank account information, and choose a date (up to a year in advance) to have your account debited. You will receive an email confirmation for each payment scheduled.

NEBRASKA
DEPARTMENT OF REVENUE **e-pay**

Credit Card. Secure credit card payments can be initiated through Official Payments at **officialpayments.com**; via phone at 800-272-9829; or by downloading the OPAY app from your smart phone's app store. Eligible credit cards include American Express, Discover, MasterCard, and VISA. A convenience fee (2.35% of the payment, \$1 minimum) is charged to the card you use. This fee is paid to the credit card vendor, not the state, and will appear on your credit card statement separately from the payment to the Department. At the end of your transaction, you will be given a confirmation number. Keep this number for your records. [If you are making your credit card payment by phone, you will need to provide the Nebraska Jurisdiction Code, which is 3700.]

Payment Plan. If you are unable to pay the full amount of tax due, you should file your Nebraska income tax return and pay as much as you can by the filing date. You have three options if you cannot pay all your tax when you file your tax return. See our website for additional information on these payment plan options. Interest will accrue on any unpaid balance until it is fully paid.

Line 42 (cont.)

Cancel a payment. To cancel a scheduled EFW payment, contact our Taxpayer Assistance office at 800-742-7474 or 402-471-5729 before 4:00 pm Central Time two business days prior to your scheduled payment date. You may cancel a payment scheduled through Nebraska e-pay by logging into the e-pay program from our website and selecting "cancel payment." To cancel a credit card payment, contact Official Payments.

Check or Money Order. If you are not using one of the electronic payment options described above, include a check or money order payable to the "Nebraska Department of Revenue." Checks written to the Department may be presented for payment electronically.

Line 43

Overpayment. If line 38 is more than the total of lines 40 and 41, subtract this total from line 38 and enter your overpayment.

Line 44

2018 Estimated Tax. Enter the amount of overpayment from line 43 you want applied to your 2018 estimated income tax.

Line 45



Wildlife Conservation Fund. You may contribute \$1 or more of your refund to this fund. Your contributions are used by the Nebraska Game and Parks Commission to protect and manage Nebraska's nongame and at-risk birds, mammals, amphibians, fish, reptiles, plants, and invertebrates. The fund will help prevent species from becoming endangered by managing, restoring, and protecting their habitat.

If you are not entitled to a refund, you may still send your tax-deductible contribution directly to the Wildlife Conservation Fund at outdoornebraska.gov/wildlifeconservation fund. For more information, contact the Nebraska Game and Parks Commission, Wildlife Division, 2200 North 33rd Street, Lincoln, NE 68503-0370, call 402-471-0641, or visit outdoornebraska.org.

Line 46

Amount You Want Refunded to You. Enter the amount of overpayment to be refunded after subtracting lines 44 and 45 from line 43. Amounts less than \$2 will not be refunded.

If a taxpayer has any existing tax liabilities owed to the Department, the federal government, or other state agencies, any overpayment shown on this return will be applied to the amount owed. You will receive a letter explaining any amounts retained.

You can check the status of your refund by calling the Department's refund line 800-742-7474 (NE and IA) or 402-471-5729 or by visiting revenue.nebraska.gov.

Line 47



Direct Deposit Your Refund. To have your refund directly deposited into your checking or savings account, enter the routing number and account number found on the bottom of the checks used with the account. The routing number is listed first and must be nine digits. The account number is listed to the right of the routing number and can be up to 17 digits. Also complete line 47b, Type of Account. Incorrect banking information will cause your refund to be issued as a paper warrant. Always double check that you entered the correct banking information, since this cannot be changed by the Department.

Box 47d is used to comply with banking rules regarding International ACH Transactions (IATs). The box must be checked whenever a refund will go to a bank account outside the U.S. or if a refund is sent to a bank account inside the territorial jurisdiction of the U.S. and 100% of the original refund is later transferred to a bank outside of the U.S. These refunds cannot be processed as direct deposits and instead will be mailed.

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Sign and Date Your Tax Return. Include your daytime phone number and email address in case the Department needs to contact you about your account. By including your email address, you are agreeing that the Department may use it to transmit confidential information using secure email. A married, filing jointly return must be signed by both spouses.

If another person signs the return for the taxpayer, a copy of a power of attorney or court order authorizing the person to sign the return must be on file with the Department or attached to the return.

An unsigned return delays processing.

The act of e-filing a return is your signature. By e-filing the return, taxpayers and their tax preparer, if applicable, are declaring under penalties of perjury, that they have examined the electronic return, and to the best of their knowledge and belief, it is true, correct, and complete.

Tax Preparer E-File Mandate. Any person who is paid for preparing a taxpayer's return must also sign the return as preparer. Additionally, the preparer must enter his or her Preparer Tax ID Number (PTIN) and Federal Employer ID Number (EIN).

Nebraska Schedule I Instructions

Part A — Adjustments Increasing Federal AGI

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Line 1	Interest Income from All State and Local Obligations Exempt from Federal Tax. List the type of interest income from a state or local obligation exempt from federal tax on line 1a, Schedule I and the associated amount on line 1b. Then calculate the total by adding all amounts on lines 1b. Attach a schedule, if necessary, listing all the obligations. The total amount on line 1, Schedule I must be equal to the amount reported on line 8b of Federal Form 1040 or Form 1040A. This includes state and local bond (municipal bonds) income from all states. Although this income is exempt from federal tax, it is taxable income in Nebraska. Expenses related to this income that have not been previously deducted can be deducted from line 1 only if you itemized deductions on your federal return. Interest income from a regulated investment company (including certain mutual funds) attributable to state and local obligations must also be included on line 1b.
Line 2	Exempt Interest Income from Nebraska Obligations. List the name of the federally tax exempt bond issued by a Nebraska state or local government subdivision on line 2a and the associated amount on line 2b. Then calculate the total by adding all amounts on lines 2b. Attach a schedule, if necessary, listing all the obligations. Income amounts from regulated investment companies attributable to Nebraska source bonds are also included on line 2b. Build America Bonds. Any federally taxable interest received in 2017 on a Build America Bond previously issued by a Nebraska governmental subdivision may be deducted on line 28, Schedule I, Interest From Federally Taxable Build America Bonds Issued by Nebraska Governmental Units.
Line 3	Total Taxable Interest Income. Enter the result of line 1 minus line 2.
Line 4	Financial Institution Tax Credit Claimed. Only shareholders receiving a Statement of Nebraska Financial Institution Tax Credit, Form NFC, from a qualified Nebraska financial institution may claim this deduction. Enter the amount of the tax credit available to you as stated on the 2017 Form NFC. The same amount must be entered on both line 24, Form 1040N and line 4, Schedule I. A copy of Form NFC must be attached to your return. Required supporting documentation may be submitted as an attached PDF document when e-filing your return if your software supports these types of attachments. If the supporting documentation is not received with the return, the Department may request the required documentation during the processing of your return. This may result in a delayed refund.
Line 5	Nebraska's 529 College Savings Program RECAPTURE. If you cancel your Nebraska College Savings Program account or withdraw funds for a non-qualified purpose, the amounts previously claimed as deductions are subject to recapture. A federally qualified rollover to a Section 529 plan sponsored by a state (or entity) other than Nebraska is considered to be a cancellation subject to recapture. The total maximum recapture is the lesser of (i) amount previously deducted on all Nebraska returns prior to the cancellation of the college savings program account, or (ii) the amount received upon the cancellation or non-qualified withdrawal of funds. Enter the calculated recapture amount on line 5.
Line 6	Long-Term Care Savings Plan RECAPTURE. If you close a Nebraska Long-Term Care Savings Plan account for any reason other than the death of the participant, or if you make any unqualified withdrawal, the amounts previously claimed as deductions are subject to recapture. Enter the recapture amount calculated on unqualified withdrawals on line 6, Schedule I. There is a 10% penalty for unqualified withdrawals. The amount of penalty will reduce your refund or increase your balance due. The Department will bill you for this penalty, or you may pay this penalty with your return. The Long-Term Care Savings Plan will terminate January 1, 2018. If the taxpayer takes the distribution on or after the plan termination date, they will not be subject to recapture under state law.
Line 7	Nebraska ABLE Program RECAPTURE. If you cancel your Enable Savings Plan account or make an unqualified withdrawal, the amounts previously claimed as deductions on the account owner's return are subject to recapture. Only the account owner is subject to recapture. The maximum recapture is the lesser of (i) the amount previously deducted on all Nebraska returns prior to the cancellation of the Enable Savings Plan account, or (ii) the amount received upon the cancellation or unqualifed withdrawal of funds. Enter the calculated recapture amount on line 7.
Line 8	Federal Net Operating Loss Deduction. Enter the amount deducted as a federal net operating loss carryforward from your federal AGI. You must include this loss as an increase to AGI. A previously established Nebraska net operating loss may be deducted on line 25, Nebraska Schedule I.
Line 9	S Corporation and Limited Liability Company (LLC) Non-Nebraska Loss. Enter the amount of loss from an S corporation or LLC that is not from Nebraska sources. You must include this loss as an increase to AGI.
Line 10	Total Adjustments Increasing Federal AGI. Add lines 3 through 9, enter here, and on line 12,
	Form 1040N.
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Part B — Adjustments Decreasing Federal AGI

Line 11

State Income Tax Refund Deduction. Enter the amount shown on line 10 of your Federal Form 1040.

Line 12

U.S. Government Obligations Exempt for State Purposes. Enter the amount of interest or dividend income included in federal AGI from U.S. government obligations exempt from Nebraska tax. List the types of obligations on line 12a and the associated amounts of interest or dividend income received from each on line 12b. Then calculate the total by adding all amounts on lines 12b. Attach a schedule, if necessary, listing all the obligations for which a deduction is claimed. Capital gains from the sale of U.S. obligations are not deductible. For additional information, see the Taxability of Interest and Dividend Income From State, Local, and U.S. Government Obligations Information Guide.

Line 13

Regulated Investment Company Dividends from U.S. Obligations. Enter the amount of government money market or mutual fund dividends issued by regulated investment companies that are obligations of the U.S. government.

The fund must issue you a statement showing the percent of the dividend that represents exempt U.S. government obligations. You must list the name of the fund on line 13a, the total amount of the dividend paid by the fund on line 13b, and the percentage of dividend attributable to U.S. government obligations on line 13c. You then calculate the amount of dividend attributable to U.S. government obligations on line 13d.

Total all calculated dividend amounts on lines 13d and enter the result on line 13. Attach a schedule, if necessary, listing all the obligations and calculations.

Line 15

Benefits Paid by the Railroad Retirement Board. Enter any federally taxed retirement benefits paid by the Railroad Retirement Board (RRB), such as Tier I and Tier II benefits, railroad retirement sick pay, disability, and unemployment benefits, included in federal AGI. Dist the name of the benefit paid on line 15a and the related amount on line 15b. Filers must attach a copy of Forms RRB-1099, RRB-1099-R, 1099-G, and W-2 from U.S. Railroad Retirement Board Sickness and Unemployment Benefits Section.

Line 16

Special Capital Gains/Extraordinary Dividend Deduction. See the Special Capital Gains/Extraordinary Dividend Election and Computation, Form 4797N, instructions.

Line 17

Nebraska's 529 College Savings Program Contribution. If during 2017 you, as an account owner or parent/guardian custodian of an UGMA/UTMA account, made contributions to one or more college savings accounts established under the Nebraska Educational Savings Plan Trust, then enter the amount of your contributions, up to a maximum of \$10,000 (\$5,000 if married, filing separately) on line 17.

The Nebraska Educational Savings Plan Trust includes the following Plans:

- ◆ NEST Direct College Savings Plan;
- ◆ NEST Advisor College Savings Plan;
- ◆ TD Ameritrade 529 College Savings Plan; and
- ◆ The State Farm College Savings Plan.

Only the account owner or parent/guardian custodian of an UGMA/UTMA account who made the contributions may claim this deduction. You cannot deduct contributions made to other states' 529 college savings plans on line 17. However, if an account in another state's plan is rolled over to a Plan in the Nebraska Educational Savings Plan Trust, the amount received in a qualified rollover, up to a maximum of \$10,000 (\$5,000 if married, filing separately), is eligible for the deduction.

For questions about the Nebraska College Savings Program, go to treasurer.nebraska.gov, or contact the State Treasurer's Office at 402-471-2455.

Line 18

Nebraska Long-Term Care Savings Plan Contribution. Enter the amount contributed in 2017 to the account owner's Nebraska Long-Term Care Savings Plan account, not to exceed the maximum contribution amount of \$1,000 (or \$2,000 if married, filing jointly). Only the account owner may claim this deduction.

The Nebraska Long-Term Care Savings Plan is administered by the Nebraska State Treasurer. For more information, go to treasurer.nebraska.gov or call the State Treasurer's Office at 402-471-2455.

Note: The 2016 Nebraska Legislature enacted LB 756 which terminates the Long-Term Care Savings Plan Act on January 1, 2018. No deduction will be allowed for tax years after 2017. As of January 1, 2018, an account owner may withdraw the full balance of his or her account without any tax penalty. An account owner may also choose to leave the balance in the account to be used as a standard savings account.

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Line 19	Nebraska Long-Term Care Savings Plan Earnings. Enter on line 19, any interest earned on contributions to the Nebraska Long-Term Care Savings Plan to the extent the interest is included in federal AGI.
Line 20	Nebraska Achieving a Better Life Experience Act Plan Contributions. If during 2017, you made contributions to one or more Enable Savings Plan accounts, enter the account numbers you contributed to and the amount of your contributions, up to a maximum of \$10,000 (\$5,000 if married, filing separately) on line 20. You cannot deduct contributions made to other states' 529A (ABLE) savings plans on line 20. For questions about the Enable Savings Plan, go to treasurer.nebraska.gov, or contact the State Treasurer's Office at 402-471-2455.
Line 21	S Corporation and LLC Non-Nebraska Income. Enter the amount of S corporation or LLC income that is not from Nebraska sources. Attach the Federal Schedule K-1 and Nebraska Schedule K-1N received from the S corporation or LLC, together with a copy of the Nebraska apportionment factor of the S corporation or LLC, where appropriate. For additional information, see Revenue Ruling 25-94-1.
Line 22	Nonresident Military Servicemember Active Duty Pay. Enter the amount of nonresident military servicemember active duty pay included in the servicemember's federal AGI. The 2017 Form W-2 issued by the uniformed services to the servicemember must be attached to Form 1040N. The Form W-2 must identify the income as attributable to a state other than Nebraska in box 15. If "NE" is shown on the Form W-2, the adjustment will not be allowed. Only active duty military service compensation can be deducted on line 22.
Line 23	Native American Indian Reservation Income. Native American Indians residing on a Nebraska Native American Indian Reservation with income derived from sources within the boundaries of the reservation may deduct this income on line 23.
Line 24	Claim of Right Repayment. Enter the amount required to be included on your federal return for a claim of right repayment.
Line 25	Nebraska NOL Carryforward. Enter the amount of a Nebraska net operating loss carried forward from an earlier year. The Nebraska Net Operating Loss Worksheet, Form NOL, must be completed for the loss year and retained in the taxpayer's records until the loss is used. When the loss is claimed, you must attach a completed Form NOL for each previously established loss year being claimed.
Line 26	Nebraska Agricultural Revenue Bond Interest. Enter the amount of interest income from Nebraska Agricultural Revenue Bonds that is included in federal AGI.
Line 27	Federally Taxable Nebraska Investment Finance Authority (NIFA) Bond Interest. Enter total federally taxable NIFA bond income included in federal AGI.
Line 28	Enter Total Interest from Federally Taxable Build America Bonds Issued by Nebraska Governmental Units.
Line 29	Social Security Income . If line 5 of Form 1040N is \$58,000 or less for a married, filing jointly return, or \$43,000 or less for all other filing statuses, enter the amount of Social Security income included in federal AGI. The amount claimed cannot exceed the amount shown on line 20b, Federal Form 1040, or line 14b, Federal Form 1040A. Paper filers must attach a copy of pages 1 and 2 of Federal Form 1040 or 1040A to your Nebraska return.
Line 30	Military Retirement. Enter the amount of military retirement income allowable as a deduction based on your previously filed Form 1040N-MIL. Multiply the amount of military pension shown on line 16b, Federal Form 1040, or line 12b, Federal Form 1040A, by 40%. Only individuals who filed a Form 1040N-MIL within two years after their retirement from the uniformed services may claim this exclusion. Note: Nebraska law provides that the exclusion of 40% of an individual's military retirement benefit
	begins in the year in which the election is made. For example, if you selected Option 1, you may claim this deduction on your 2017 tax return only if you filed your Form 1040N-MIL prior to January 1, 2018.
Line 31	Total Adjustments Decreasing Federal AGI. Total lines 11 and 14 through 30, enter here, and on line 13, Form 1040N.

Nebraska Schedule II Instructions

Full-year Nebraska residents claiming a credit for income tax paid to another state, political subdivision of another state, or the District of Columbia must complete Nebraska Schedule II. Partial-year residents must use Nebraska Schedule III.

A separate Schedule II must be completed for each state where income tax was paid. The total credits cannot exceed the Nebraska tax liability. If some income is subject to an income tax of both another state and a political subdivision in that state, complete only one Nebraska Schedule II and combine the state and political subdivision income taxes paid.

Credit for Income Tax Paid to Another State. A credit will not be allowed unless you attach a complete copy of the other state's or political subdivision's tax return, including all schedules. If the tax is not reported on an income tax return, attach a copy of a letter or statement from the other state or political subdivision showing the income and the tax paid. For political subdivisions not requiring a return, attach the Form W-2 showing the subdivision's tax withheld.

Nebraska law does not allow credit for taxes paid to a foreign country or its political subdivisions.

Note: When cor	npleting lines 2 and 5 of Nebraska Schedule $\scriptstyle m II$, refer to the Conversion Chart on the Department's website.
Line 1	Total Nebraska Tax. Enter the amount from line 17, Form 1040N.
Line 2	Adjusted Gross Income Derived From Another State. Refer to the Conversion Chart. Enter the amount shown on the return filed with the other state as AGI, or gross income derived from sources within that state. Do not include any income from S corporations or LLCs reported on line 21, Nebraska Schedule I, or income that is not included in federal AGI after Nebraska adjustments from lines 12 and 13, Form 1040N.
Line 3	Calculate the Ratio. Calculate the ratio to six decimal places, and then round to five decimals. For example, if your division result is .123467, round to .12347 (12.347%).
Line 4	Calculated Tax Credit. Multiply the ratio (line 3) by the total Nebraska tax (line 1), Nebraska Schedule II.
Line 5	Tax Due and Paid to Another State. Refer to the Conversion Chart. Enter the amount shown on the return filed with the other state as tax paid to that state. Do not enter the total of the other state's tax withheld. For tax paid to a political subdivision of another state that does not require the filing of an annual income tax return, enter the income tax withholding for that subdivision.
	If you and your spouse file married, filing separately in Nebraska, but file married, filing jointly in another state, attach a calculation of each spouse's share of the total tax paid to the other state. Use the net income of each spouse that is taxed by the other state in the calculation.
Line 6	Allowable Tax Credit. Enter the amount from line 1, 4, or 5, Nebraska Schedule II, whichever is least. Also enter this amount on line 19 of Form 1040N.

Nebraska Schedule III Instructions

Taxpayers filing a nonresident or partial-year resident return must complete Nebraska Schedule III to calculate the tax on their income derived from or connected with Nebraska sources.

Line 1

Income Derived from Nebraska Sources. Enter the total of all income from Nebraska sources. Include all sources and amounts of income and deductions, as they were stated on the federal return. If more space is needed, attach a list of all income sources to Nebraska Schedule III. Partial-year residents must include all items of Nebraska income for a nonresident, plus all income earned while a Nebraska resident that is not taxed by another state. This includes dividends, interest, pension income, sales of intangibles, and wages earned outside Nebraska.

Detailed information on the types of income that must be listed and included on line 1, Schedule III is available on the Department's website. A partial list is shown below:

- Wages, salaries, tips, and commissions;
- Nebraska unemployment payments;

Line 1 (cont.) Severance pay associated with Nebraska employment; ◆ Dividends, interest, and other passive income; Business income; Farming and ranching income; ◆ Partnership, S corporation, LLC, estate, or trust income; Gain or loss: Rent and royalty income; Lottery prizes; Net operating loss carryforward; and Financial institution tax credit claimed. Income of a Servicemember's Spouse. Because of the federal Servicemembers Civil Relief Act, Nebraska cannot tax the income of a nonresident servicemember's spouse when the spouse has the same state of residence as the servicemember and is in this state only in support of the servicemember. The spouse's income should not be included as Nebraska source income on line 1, Schedule III. For more information, see the Nebraska Income Tax for U.S. Servicemembers, Their Spouses, and Civilians Working with U.S. Forces Information Guide. Line 2 Adjustments as Applied to Nebraska Income. If you claimed adjustments to income on lines 16-19 of Federal Form 1040A, or lines 23-35 of Federal Form 1040, a portion of these amounts may be allowable as a deduction on line 2, Schedule III. List the type of adjustment on line 2a and the corresponding amount on line 2b, Schedule III. Line 4 Ratio, Nebraska's Share of the Total Income. Use the equation to calculate a ratio that represents Nebraska's share of total income. Calculate the ratio to six decimal places and then round to five decimals. For example, if the line 4, Schedule III result is .123467, round to .12347 (12.347%) before computing line 9, Schedule III. Even if line 5, Form 1040N and line 1, Schedule III are negative numbers, the ratio computed in line 4, Schedule III cannot exceed 100%. If the ratio is 100% or more, report 1.0000. Line 5 Nebraska Taxable Income. Enter the amount from line 14, Form 1040N. Line 6 Nebraska Tax Calculation. Paper filers use the Nebraska Tax Table and the income shown on line 5, Schedule III, to find the tax amount to enter on line 6, Schedule III. Electronic filers must use the Nebraska Tax Calculation Schedule to calculate tax on Nebraska Taxable Income. Both paper and electronic filers must use the Additional Tax Rate Schedule if their federal AGI is more than \$261,500 (single), \$313,800 (married, filing jointly or qualifying widow[er]), \$156,900 (married, filing separately), or \$287,650 (head of household). Partial-year residents enter your Nebraska credit for the elderly or disabled, or credit for child/ dependent care expenses. See applicable instructions for lines 20, 23, and 32, Form 1040N. Partial-year residents with federal AGI of \$29,000 or less cannot claim child care credit here, and must instead complete line 12, Form 2441N, to calculate the amount to enter on line 32, Form 1040N. Calculate the Nebraska earned income credit on lines 11 and 12, Schedule III. Nonresidents are not allowed any credits on the line 6, Schedule III calculation. Line 7 **Personal Exemption Credit.** Enter your credit for personal exemptions. (\$132 multiplied by the number of exemptions shown on line 4, Form 1040N). Do not enter on line 18, Form 1040N. Line 8 Tax After Personal Exemption Credit. Line 6, Schedule III, minus line 7, Schedule III. Line 9 Nebraska Income Tax. Multiply line 8, Schedule III, by the ratio you computed on line 4, Schedule III. Line 10 Nebraska Other Tax. Complete all of lines 10a-f, Schedule III, that are applicable to your tax calculation. See line 16. Form 1040N instructions. **Lines 11 and 12 Earned Income Credit.** Partial-year residents may claim this credit by entering the number of qualifying children on line 11a, Schedule III, and the federal earned income credit information on line 11b, Schedule III. The allowable Nebraska credit is 10% of the federal earned income credit multiplied by

the ratio calculated on line 4, Schedule III. Enter the result on line 12, Schedule III, and on line 34, Form 1040N. To receive this credit, paper filers **must attach** a copy of pages 1 and 2 of their federal

return. Nonresidents cannot claim the Nebraska earned income credit.